

Aon Hewitt
Investment Consulting

The Aon Investment Update

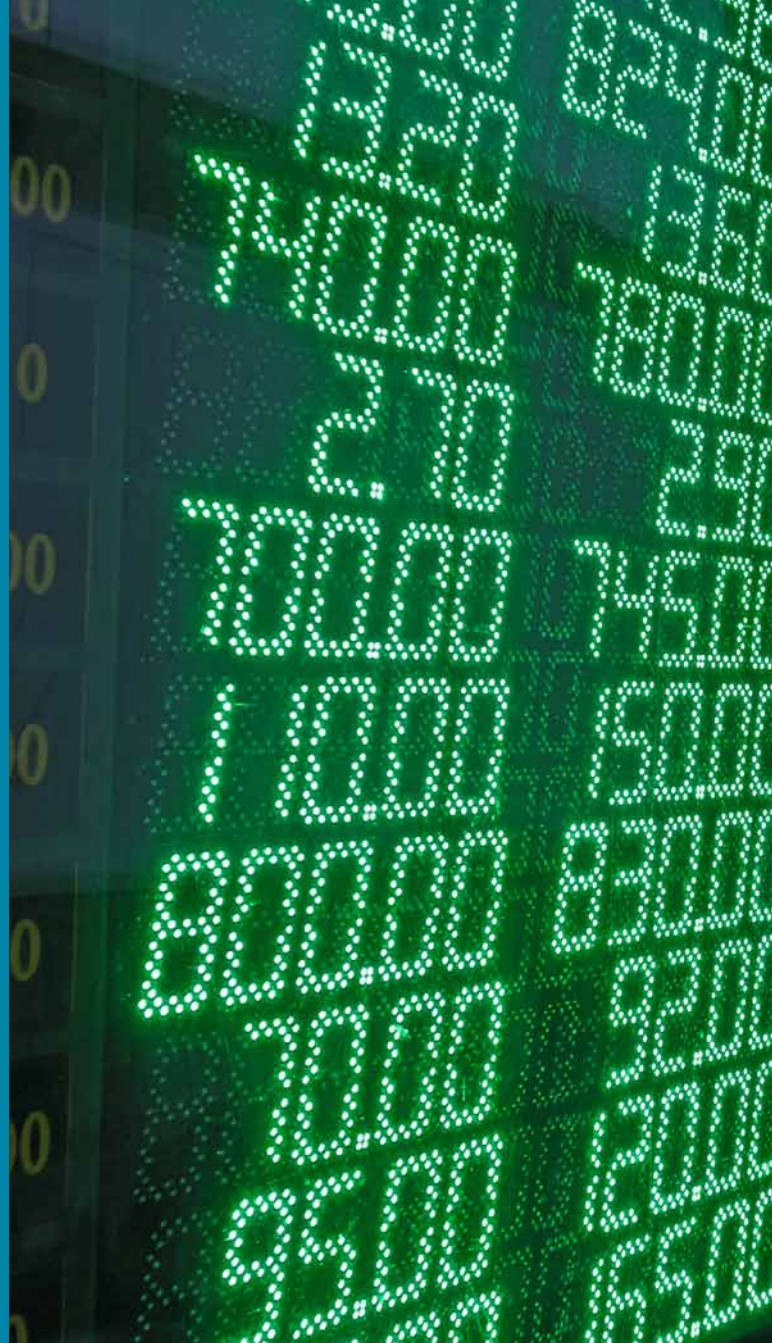
May 2012



AON Hewitt

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The Managers

ABNZL	Alliance Bernstein Ltd NZ
AMPCI	AMP Capital Investors (NZ)
AXA GI	AXA Global Investors (previously known as Arcus Investment Mgt)
BROOK	Brook Asset Mgt
BT	BT Funds Management (NZ) Ltd
EC	Elevation Capital Mgt Ltd
HARBOUR	Harbour Asset Management
ONEPATH	OnePath (NZ) Limited
DEVON	Devon Funds Mgt Ltd (previously known as GSJBW Asset Mgt)
MAM	Milford Asset Management
MINT	Mint Asset Management
NZAM	NZ Assets Mgt
RUSSELL	Russell Investment Group
SMS	Smartshares
TAM	Tower Asset Mgt
TYN	Tyndall Investment Mgt

The Indices

NZ Equities	NZX 50 (Gross)* NZX 50 Portfolio*
Australasian Equities	NZX 50 (Gross)* NZX 50 Portfolio*
Overseas Equities	MSCI Gross in \$NZ
NZ Bonds	ANZ Government Stock ANZ A-Grade Corporate Index
Overseas Bonds	Citigroup Govt. World Barclays Capital Aggregate
Cash	ANZ 90 Day Bank Bill

*Includes imputation credits

Hedge

0% & 100%
100%
100%

Investment Commentary March 2012

Living in interesting times

Solid start to 2012

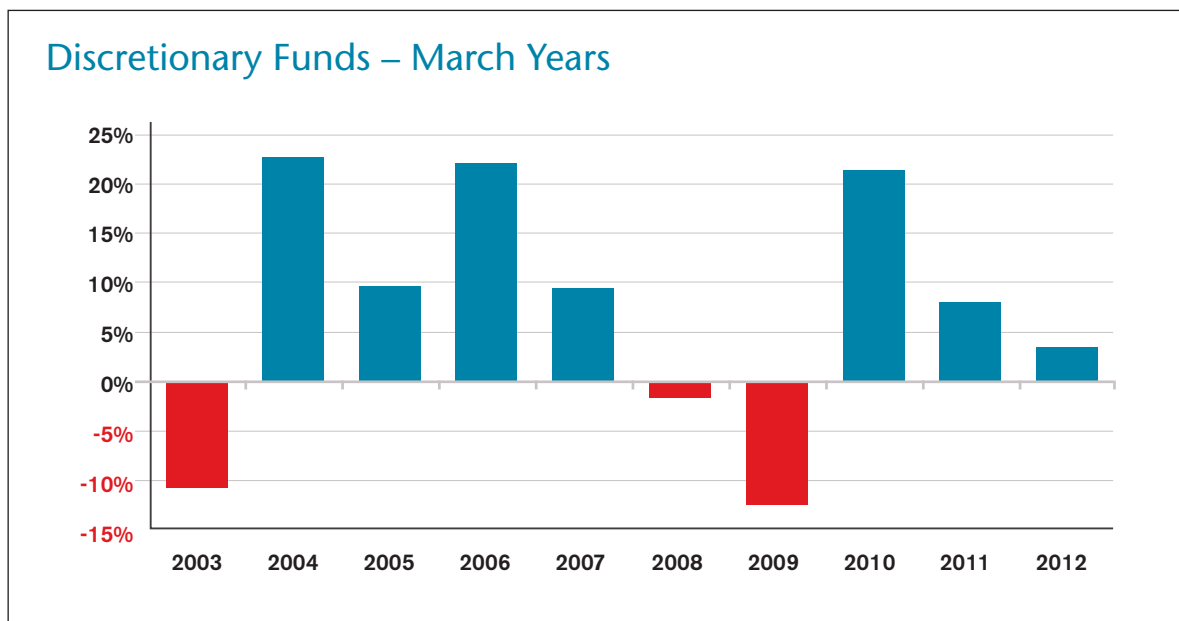
The March quarter saw investment markets deliver respectable returns. As has been the case over recent years, this is despite some well-known and yet-to-be resolved economic challenges. Of course, investment markets anticipate at least some of these future challenges.

As a result the returns for multi-sector investment mandates have been positive over the last 12 months. This period saw renewed fears around Europe during August 2011, which resulted in global equities falling some 10% over the September 2011 quarter. This is illustrated in the performance of 'discretionary' funds (ie balanced mandates) shown below:

	Manager Average (before tax and fees)	
	Quarter ending	Year ending
March 2012	5.2%	3.5%
December 2011	3.5%	1.7%
September 2011	-4.7%	1.2%
June 2011	-0.2%	12.2%
March 2011		8.1%
March 2010		21.4%
March 2009		-12.3%

The three-year average return for the period ending March 2012 for these discretionary funds is now 10.7% pa. This continues the trend of increasing three year returns over the last few quarters. These 3-year returns were around nil over periods ending 2009. Of course, these earlier periods cover both the severe sell-off in equity markets over 2008 and into early 2009 followed by a pronounced rebound.

Over the last 10 years, discretionary funds achieved an average investment return of 6.6% pa. As to be expected, these returns have been volatile as shown in the graph below:



What is apparent are the two periods of very substantial losses in equity markets - the 'tech wreck' seen in the 2003 return and the Global Financial Crisis over 2008 and 2009. This has tended to overshadow the strong and consistent performance from bonds over this period.

Equities have been strong over the last three years

At the height of the Global Financial Crisis during the second half of 2008, equity markets suffered hugely. These markets hit their lows in March 2009 and rallied over the remainder of 2009. However, over the last three years equity markets have been volatile with some days and months of large losses. Despite this, the gross returns since the end of March 2009 (ie just after the market low-point) up to 31 March 2012 are impressive, as set out below:

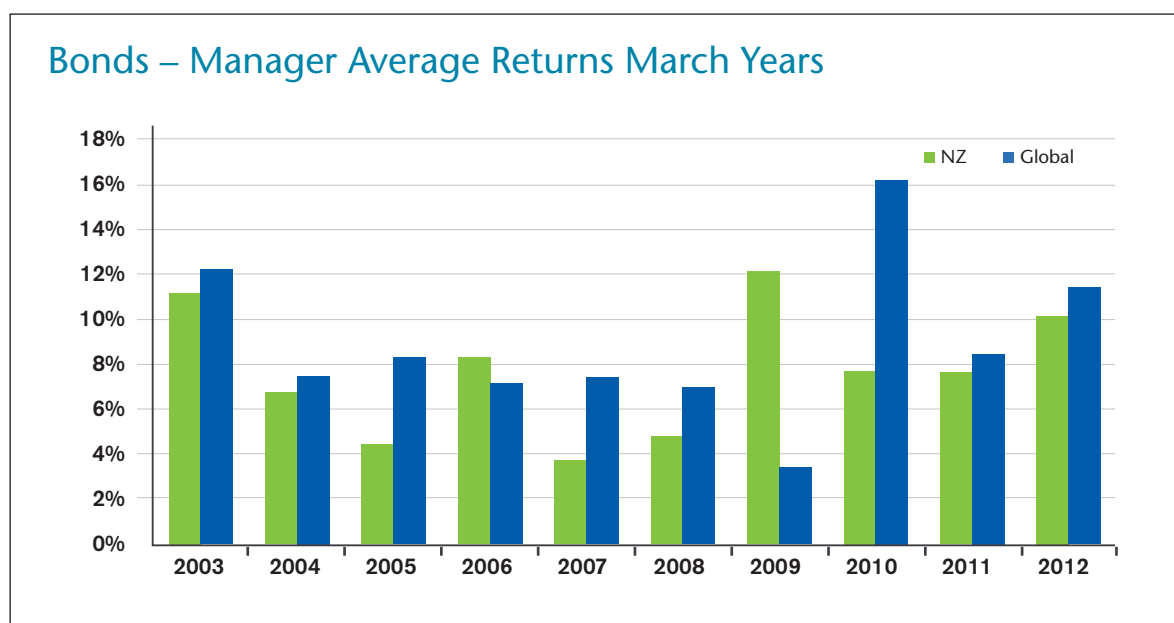
Equity Market Performance from 31 March 2009

Equity Market	Index	Date of Low	3 Years to 31 March 2012	
			Local Currency % pa	NZ Dollar % pa
New Zealand	NZX50	3 March	10.7	10.7
Australia	ASX 200	6 March	11.3	12.7
United States	S&P 500	9 March	20.9	7.1
Japan	Nikkei 225	10 March	7.5	1.3
UK	FTSE 100	3 March	13.7	4.5
Germany	DAX	6 March	19.4	5.9
France	CAC 40	9 March	6.8	-5.2

The above table also shows the return over the three year period in NZ dollar terms, and clearly demonstrates the impact of a very much stronger NZ dollar compared to all of the developed economies. The exception is, of course, against the Australian dollar, where our dollar has weakened a little over this period.

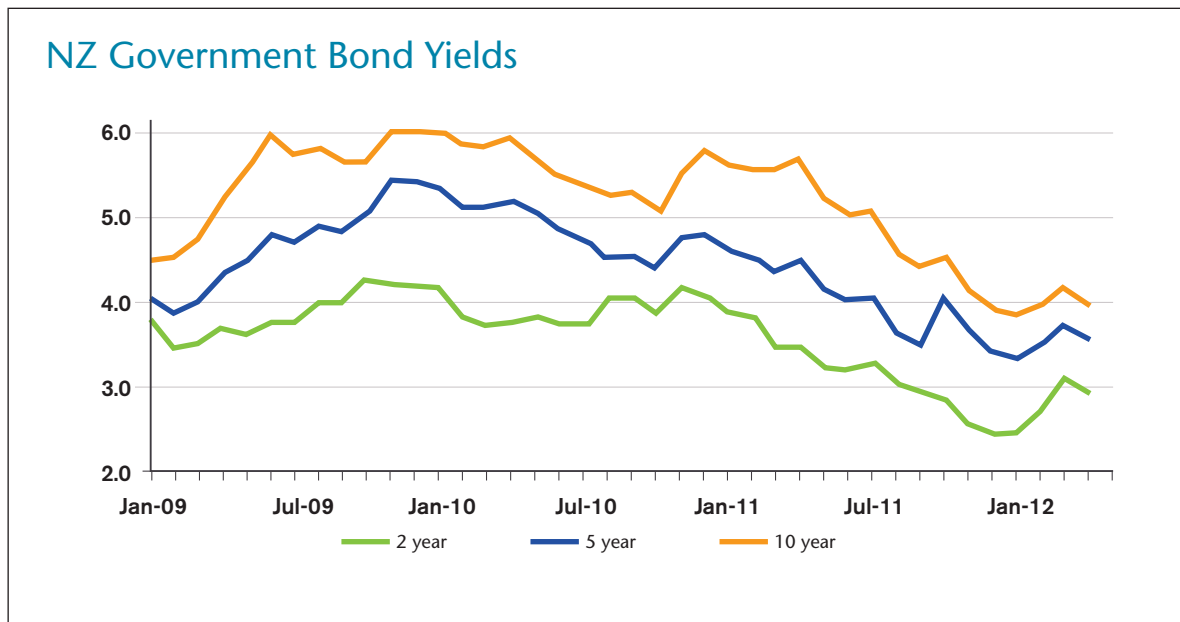
Bonds have been strong, but...

Both NZ and fully hedged global bonds have, in general, performed strongly over the last 10 years, with the manager average return for NZ bonds of 7.7% pa and for global bonds of 8.8% pa. These annual returns are shown in the graph below:



The table shows some volatility of returns, but overall strong contributions from bonds over recent years. In particular, the last 4 years for NZ and 3 years for global have been particularly fruitful.

The return from bonds is a combination of interest payments and capital movements. The graph below shows the yields for NZ government stocks over different durations since the beginning of 2009 (ie the height of the GFC).



The falls in interest rates are remarkable and have been surprising for many. These falls have resulted in immediate capital gains but at the expense of lower future returns, ie good for the past but not for the future.

What does it mean?

In summary, the three year period has seen good returns from a balanced (or discretionary) mandate, with the six investment managers in the survey achieving returns ranging from 8.3% pa to 13.5% pa. However, caution is required given that:

- this covers the period from equity market lows;
- interest rates on bonds are at or close to historical lows, and so the medium term future prospects for bonds are modest at best.

It may be that a conventional 'balanced' investment strategy, with a split largely between fixed interest and equities, may not be able to deliver strong returns over the next 5 or so years. For many trustees and investment consultants, this may mean investigating a greater allocation to alternative asset classes.

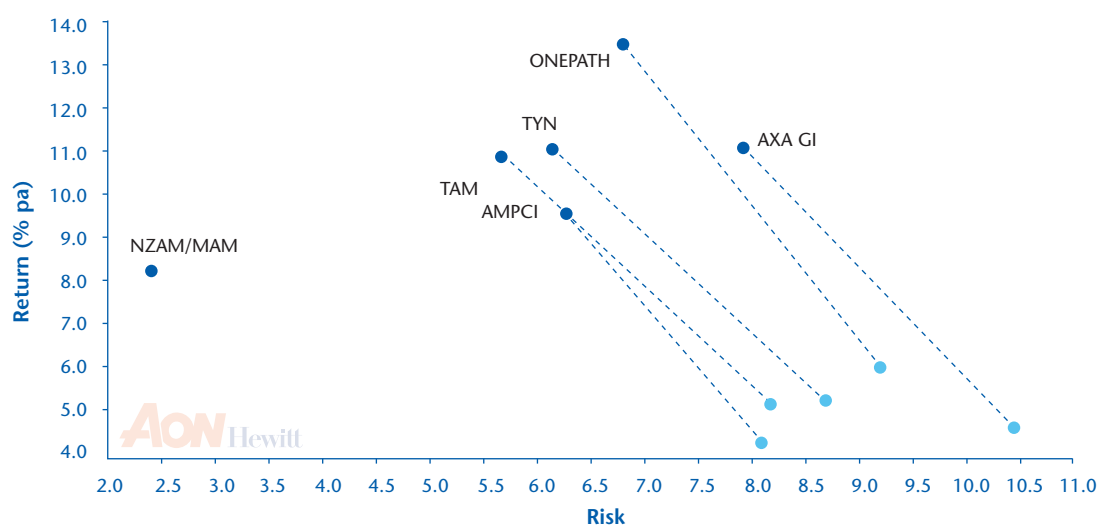
If you need any help with reviewing your fund's strategic long term asset allocations please call your usual AonHewitt consultant.

Discretionary Assets

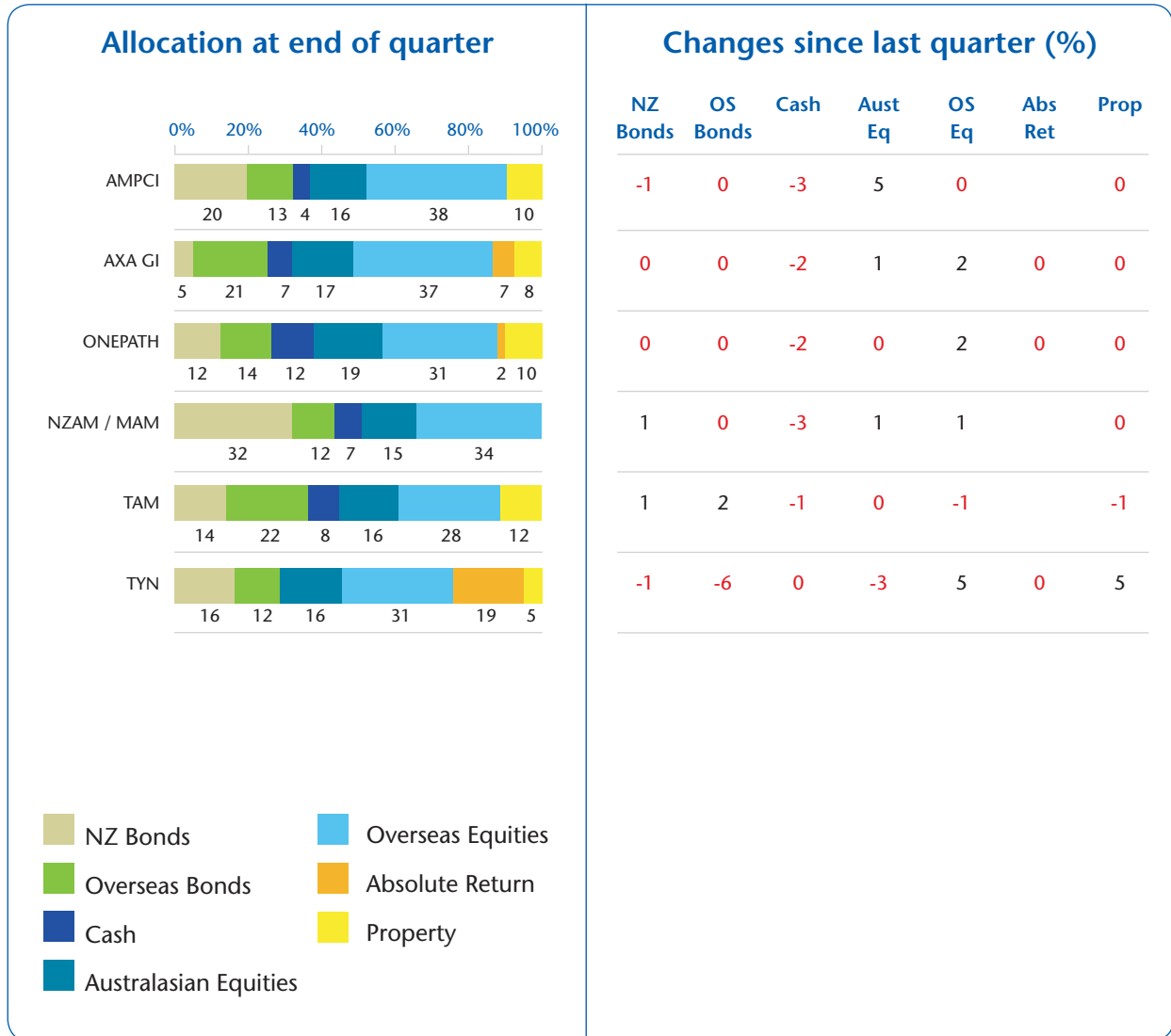
– Risk and Return

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		1 yr		the last 3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008		
AMPCI	1091	5.5	3	4.1	2	9.6	5	3.5	4	4.1	8.2	16.9	-10.1	0.4
AXA GI	146	6.0	2	0.7	6	11.1	2	2.4	5	0.7	7.6	26.7	-15.7	-2.5
NZAM / MAM	115	2.1	6	3.4	3	8.3	6			3.4	7.2	14.6		
ONEPATH	315	6.3	1	5.9	1	13.5	1	3.9	1	5.9	9.7	25.9	-13.6	-4.5
TAM	651	4.5	5	2.9	4	11.0	4	3.7	2	2.9	7.4	23.6	-12.1	0.0
TYN	158	4.9	4	2.6	5	11.1	3	3.6	3	2.6	7.9	23.9	-12.5	-0.7
Average		5.2		3.5		10.7		3.3		3.5	8.1	21.4	-12.3	-1.4
Price inflation		0.5		1.6		2.7		2.9		1.6	4.5	2.0	3.0	3.4
Wage inflation		0.4		2.7		3.7		3.9		2.7	3.5	4.9	4.9	3.3

3 Year Risk/Return



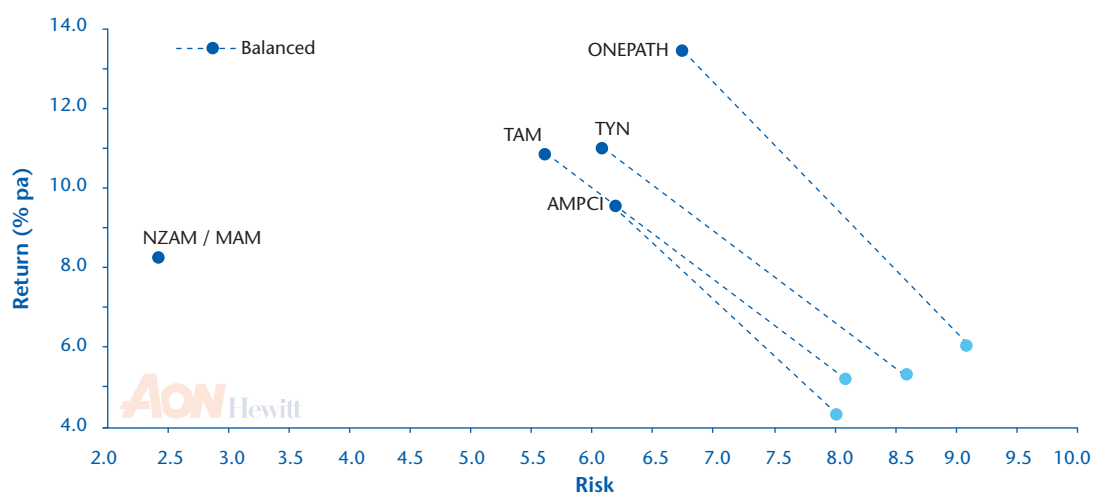
Discretionary Assets – Asset Allocation



Conservative, Balanced & Growth Risk Profiles

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		1 yr		3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008
Conservative														
AMPCI	579	2.5	2	6.1	1	7.3	2	6.5	1	6.1	6.9	8.9	5.9	4.7
AXA GI	117	4.6	1	3.6	2	10.3	1	3.7	2	3.6	7.0	20.9	-9.5	-1.4
Balanced														
AMPCI	1091	5.5	3	4.1	3	9.6	5	3.5	4	4.1	8.2	16.9	-10.1	0.4
AMPCI RIL	13	5.7	2	4.9	2					4.9	8.3			
NZAM / MAM	115	2.1	7	3.4	4	8.3	6			3.4	7.2	14.6		
ONEPATH	315	6.3	1	5.9	1	13.5	1	3.9	1	5.9	9.7	25.9	-13.6	-4.5
TAM	651	4.5	6	2.9	6	11.0	3	3.7	2	2.9	7.4	23.6	-12.1	0.1
TYN	158	4.9	5	2.6	7	11.1	2	3.6	3	2.6	7.9	23.9	-12.5	-0.7
TYN SRI	8	5.1	4	3.3	5	9.9	4			3.3	7.3	19.7		
Growth														
AMPCI	760	8.3	1	0.8	1	11.1	3	0.3	3	0.8	9.5	24.3	-24.0	-2.5
AXA GI	146	6.0	3	0.7	2	11.1	2	2.4	1	0.7	7.6	26.7	-15.7	-2.5
AXA GI Aggressive	71	6.9	2	-1.5	3	12.1	1	1.1	2	-1.5	7.8	32.7	-19.6	-6.5

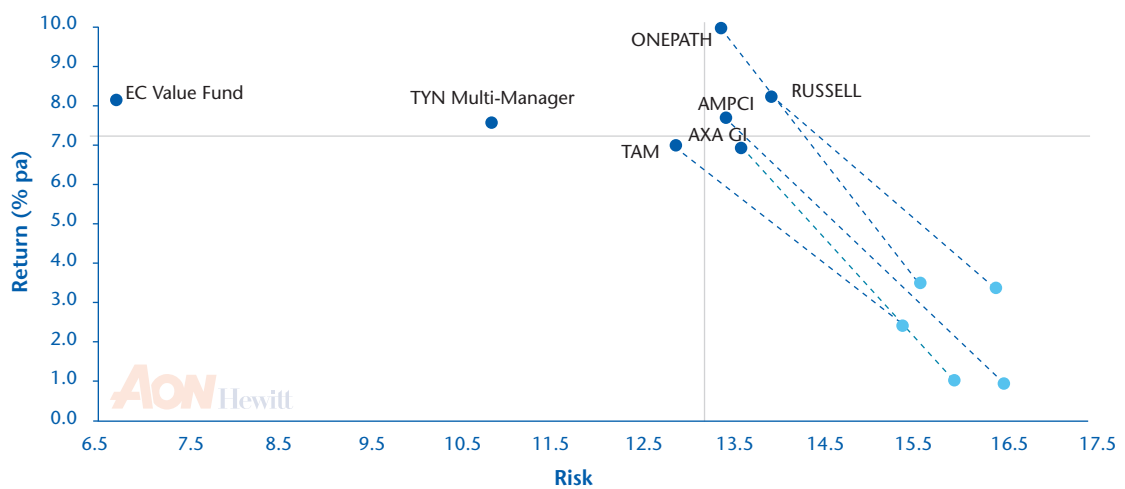
3 Year Risk/Return



Overseas Equities (unhedged)

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		the last								the year ended 31 March				
		1 qtr	Rk	1 yr	Rk	3 yrs	Rk	5 yrs	Rk	2012	2011	2010	2009	2008
AMPCI	157	6.2	5	-7.6	6	7.7	4	-3.3	6	-7.6	7.1	26.2	-23.8	-11.1
AXA GI	419	7.3	4	-8.8	8	6.9	7	-2.8	4	-8.8	4.6	28.0	-23.0	-7.8
EC Value Fund	16	5.1	9	-2.3	1	8.1	3			-2.3	12.5	15.1		
EC Global Value Fund of Funds	12	5.5	8											
ONEPATH	960	9.2	1	-2.4	2	9.9	1	-0.4	1	-2.4	6.4	27.9	-18.6	-9.4
RUSSELL	35	7.8	3	-7.7	7	8.2	2	-1.6	2	-7.7	7.8	27.4	-19.4	-9.5
TAM	709	4.6	10	-9.9	9	7.0	6	-2.9	5	-9.9	5.6	28.7	-20.9	-10.9
TYN	185	5.8	6	-7.0	5	5.3	9	-2.2	3	-7.0	6.6	17.8	-16.5	-8.4
TYN Multi-Manager	101	5.7	7	-3.4	3	7.6	5			-3.4	6.3	21.3		
TYN SRI	10	8.6	2	-5.0	4	6.7	8			-5.0	4.3	22.7		
Average		7.0		-6.5		7.6		-3.9		-6.5	5.2	26.7	-24.5	-12.8
Index (MSCI Unhedged)		6.4		-5.8		7.2		-2.8		-5.8	6.2	23.1	-20.4	-11.6
Index (MSCI 100% Hedged)		11.4		1.5		17.7		-1.2		1.5	9.1	47.1	-37.1	-8.1

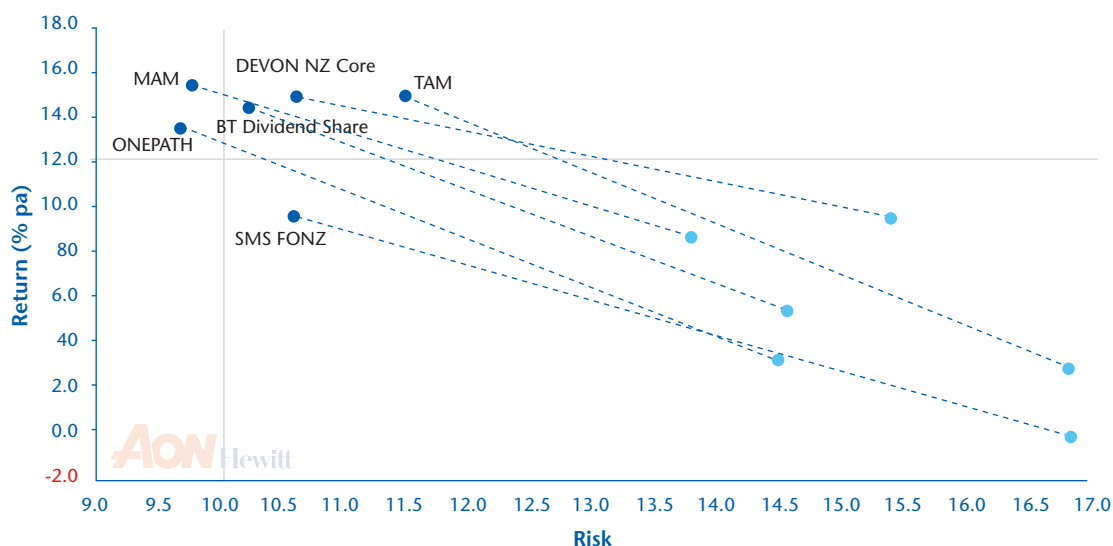
3 Year Risk/Return



New Zealand Equities

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last			the year ended 31 March							
		Rk	1 yr	Rk	3 yrs	Rk	5 yrs	Rk	2012	2011	2010	2009	2008	
BT Dividend Share	67	6.3	7	1.8	6	14.4	4	1.3	3	1.8	8.1	36.0	-20.2	-10.8
DEVON NZ Core	141	7.0	6	1.6	7	14.8	3	2.3	2	1.6	8.8	37.0	-12.0	-15.8
MAM	106	7.7	4	6.7	2	15.3	1	3.9	1	6.7	6.6	34.8	-10.6	-11.9
ONEPATH	51	7.3	5	6.6	3	13.5	5	-0.2	5	6.6	7.4	27.8	-19.8	-15.7
SMS FONZ	84	10.4	1	4.5	5	9.6	7	-3.4	7	4.5	5.4	19.4	-20.9	-19.3
SMS MIDZ	34	5.7	8	-1.6	8	7.1	8	-5.2	8	-1.6	1.7	22.7	-23.9	-18.2
SMS TENZ	51	9.5	2	10.2	1	10.5	6	-2.4	6	10.2	3.0	18.8	-23.2	-14.5
TAM	262	8.0	3	6.0	4	14.9	2	-0.2	4	6.0	3.5	38.3	-24.0	-14.0
Average		7.8		5.0		12.2		-0.7		5.0	5.4	27.7	-20.0	-14.5
Index (NZX 50 Gross) incl I/C		7.6		3.6		12.1		-1.6		3.6	6.6	27.6	-24.1	-13.9
Index (NZX 50 Portfolio) incl I/C		7.1		1.1		12.0		-1.9		1.1	5.4	31.7	-23.5	-15.3

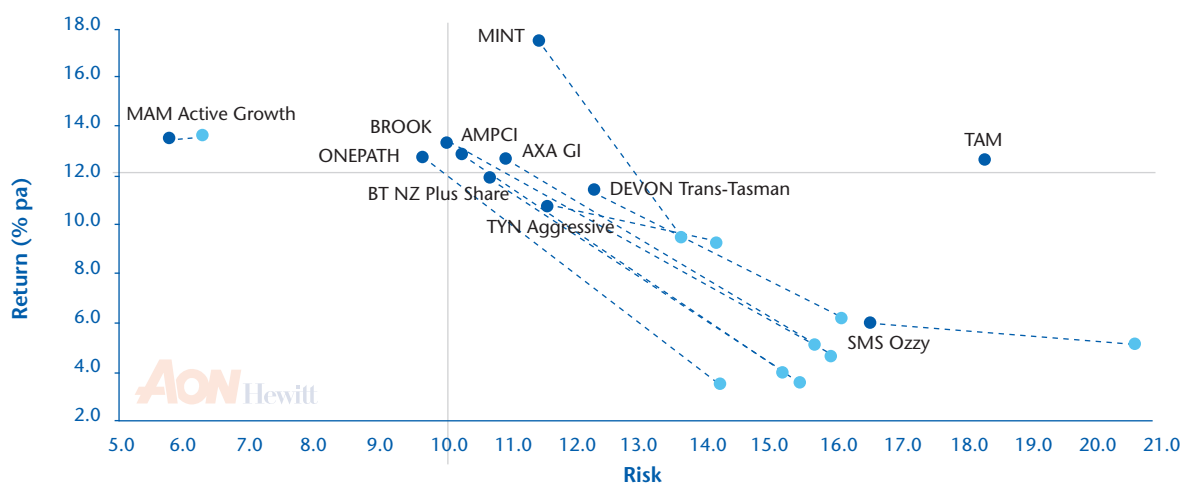
3 Year Risk/Return



Australasian Equities

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last		3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008		
AMPCI	319	8.7	2	4.3	4	12.9	6	0.5	8	4.3	8.9	26.5	-18.5	-12.5
AMPCI SEGF	527	7.7	5	0.7	9	11.4	14	-0.1	11	0.7	6.3	29.2	-16.9	-13.4
AXA GI	568	6.7	11	-0.6	12	12.7	9	0.8	7	-0.6	6.7	35.1	-19.4	-10.0
BROOK	2	6.8	9	4.2	5	13.3	5	1.9	6	4.2	5.2	32.7	-17.9	-7.8
BROOK Alpha	22	7.5	6	-2.6	15	11.0	16	6.6	1	-2.6	1.3	38.7	0.5	0.1
BROOK Tasman Wholesale	2	5.4	15	-1.7	14	11.3	15	4.8	4	-1.7	2.2	37.3	-3.9	-4.6
BT Focus Share	48	4.2	18	-0.3	11	14.0	3	5.3	2	-0.3	7.8	37.8	-8.0	-5.0
BT NZ Plus Share	241	5.4	16	0.4	10	11.9	12	-0.5	14	0.4	7.1	30.4	-20.6	-12.3
DEVON Alpha	36	6.5	12	-6.0	17					-6.0				
DEVON Australian	29	2.6	21	-14.1	20					-14.1				
DEVON Trans-Tasman	60	5.2	17	-6.9	18	11.5	13	0.2	9	-6.9	5.1	41.6	-19.7	-9.4
Harbour Australasian Equity Income	1	7.3	8											
Harbour	316	7.7	4	-0.8	13					-0.8	11.2			
MAM Active Growth	242	6.4	13	8.2	1	13.5	4			8.2	6.7	26.5	8.5	
MAM Trans-Tasman	42	8.6	3	6.5	3	18.0	1			6.5	8.7	42.1	-5.2	
MINT	9	11.6	1	6.6	2	17.6	2	5.1	3	6.6	12.5	35.6	-14.0	-8.2
ONEPATH	582	6.7	10	3.9	6	12.8	7	0.0	10	3.9	8.4	27.3	-19.7	-13.1
ONEPATH ESF	86	4.2	19	3.4	7	12.5	11	-0.3	12	3.4	5.9	29.8	-16.2	-17.2
SMS MOZY	47	-2.4	23	-15.9	21	10.4	18	-4.6	16	-15.9	8.3	47.7	-35.6	-8.9
SMS OZZY	89	1.5	22	-13.3	19	5.9	19	-0.8	15	-13.3	-6.5	46.6	-15.3	-4.5
TAM	34	3.7	20	-16.2	22	12.6	10			-16.2	5.5	61.5		
TYN Core	51	7.5	7	3.0	8	12.7	8	-0.3	13	3.0	4.2	33.5	-21.0	-12.8
TYN Aggressive	126	5.6	14	-4.8	16	10.8	17	2.9	5	-4.8	2.9	38.8	-8.6	-7.1
Average		6.6		-0.1		12.4		1.1		-0.1	6.6	33.2	-17.2	-10.1
Index (NZX 50 Gross) incl I/C		7.6		3.6		12.1		-1.6		3.6	6.6	27.6	-24.1	-13.9
Index (NZX 50 Portfolio) incl I/C		7.1		1.1		12.0		-1.9		1.1	5.4	31.7	-23.5	-15.3

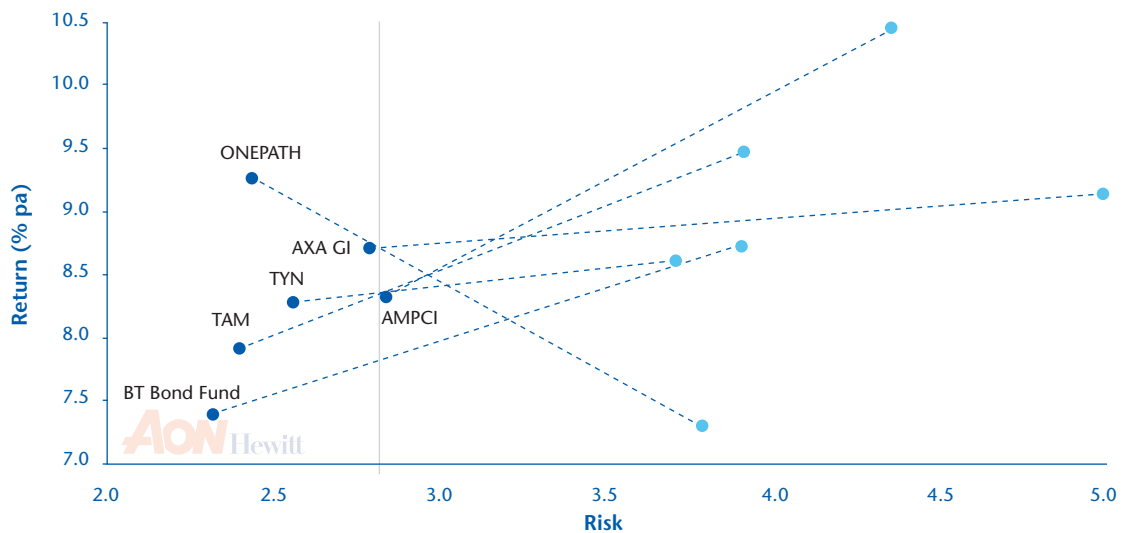
3 Year Risk/Return



New Zealand Bonds

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last 1 yr		3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008		
AMPCI	1,114	-0.3	5	11.1	1	8.3	3	9.8	1	11.1	7.0	7.0	17.8	6.5
AXA GI	296	-0.3	6	8.1	6	8.7	2	7.8	5	8.1	7.7	10.3	9.5	3.6
BT Bond	246	-0.1	4	9.9	4	7.4	6	8.1	3	9.9	6.9	5.5	14.0	4.5
Harbour NZ Core	43	0.3	2											
ONEPATH	863	-0.3	7	9.9	3	9.3	1	7.3	6	9.9	8.9	9.0	4.1	4.5
TAM	696	0.5	1	9.7	5	7.9	5	8.7	2	9.7	7.9	6.1	14.5	5.6
TYN	167	0.2	3	10.0	2	8.3	4	7.8	4	10.0	8.5	6.4	11.0	3.5
Average		-0.1		10.1		8.5		8.5		10.1	7.7	7.7	12.1	4.8
Index (Govt Stock)		-0.6		10.1		7.0		7.8		10.1	6.9	4.1	12.4	5.8
Index (Composite A-Grade)		-0.4		9.4		7.6		8.0		9.4	7.4	5.9	12.6	5.1

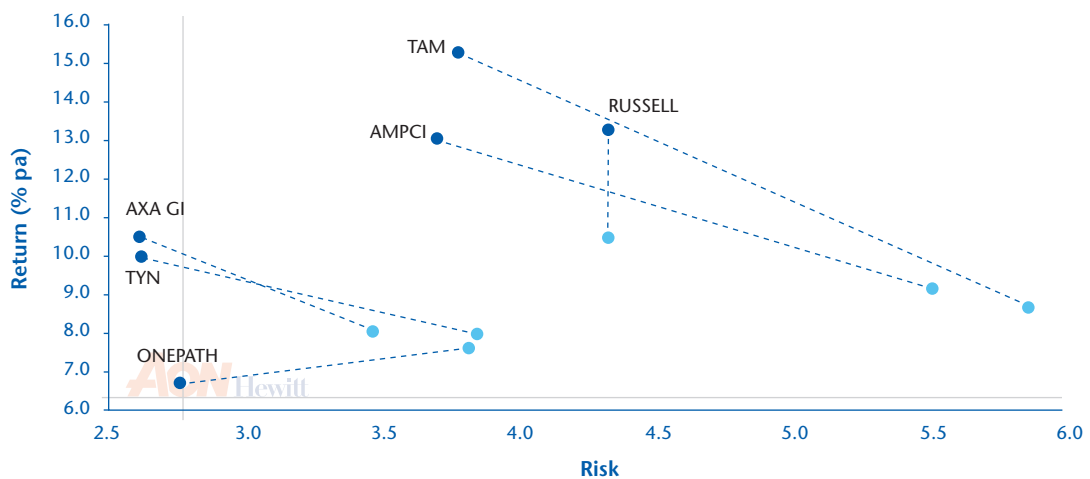
3 Year Risk/Return



Overseas Bonds

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last			5 yrs			the year ended 31 March				
		Rk	1 yr	Rk	3 yrs	Rk	5 yrs	Rk	2012	2011	2010	2009	2008	
AMPCI	127	3.3	3	7.5	6	13.1	3	7.7	6	7.5	7.3	25.4	-3.2	3.6
AXA GI	697	2.7	4	10.9	3	10.5	4	8.9	3	10.9	7.3	13.4	3.8	9.1
ONEPATH	679	1.3	6	9.4	4	6.7	6	8.8	4	9.4	5.5	5.2	12.4	11.6
RUSSELL	1019	3.9	1	11.4	2	13.3	2	10.0	1	11.4	8.7	20.2	3.2	7.1
TAM	1260	3.5	2	13.7	1	15.3	1	9.6	2	13.7	10.5	21.9	-4.8	8.2
TYN	158	2.1	5	9.1	5	10.0	5	8.5	5	9.1	7.2	13.7	3.3	9.3
Average		3.0		11.4		12.0		9.2		11.4	8.4	16.2	3.4	7.0
Index (Citigroup)		1.2		9.6		6.3		8.3		9.6	4.4	5.0	11.3	11.3
Index (Barclays)		1.8		9.5		8.2		8.7		9.5	5.6	9.5	8.6	10.0

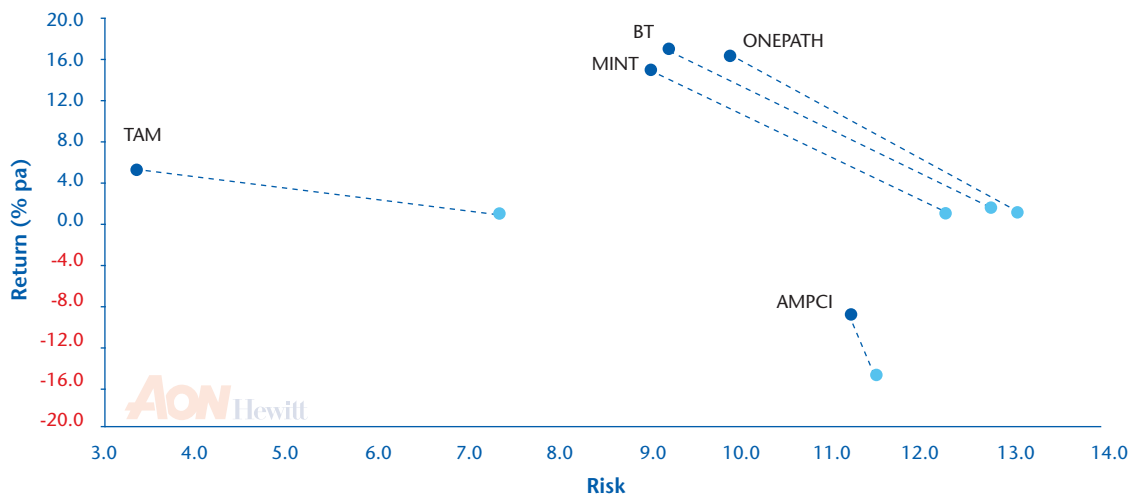
3 Year Risk/Return



Property

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last 1 yr		3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008		
AMPCI	235	4.3	5	8.5	5	-9.0	5	-3.1	4	8.5	-1.2	-29.6	-11.3	27.4
BT	174	8.2	3	17.4	3	16.9	1	-0.2	3	17.4	12.6	20.9	-23.4	-19.2
MINT	43	8.5	2	14.7	4	14.8	3			14.7	8.4	21.7	-22.3	
ONEPATH	221	9.0	1	17.6	2	16.3	2	0.0	2	17.6	10.0	21.5	-23.0	-17.4
TAM	274	-0.7	6	4.2	6	5.1	4	3.1	1	4.2	6.9	4.2	-8.2	9.5
TYN	25	7.9	4	17.7	1					17.7	10.3			
Average		4.9		11.0		5.0		-2.7		11.0	6.6	-2.1	-16.3	-10.2

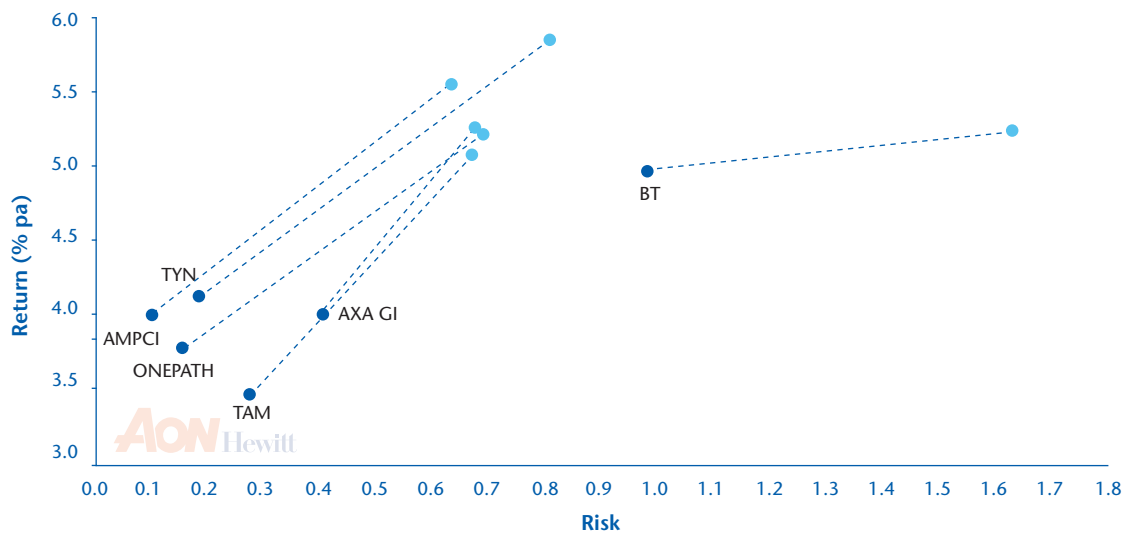
3 Year Risk/Return



Cash

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last 1 yr		3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008		
AMPCI	1,938	0.9	3	3.6	2	4.0	4	5.8	2	3.6	4.3	4.0	8.4	8.6
AXA GI	527	0.8	6	3.3	4	4.0	3	5.4	5	3.3	3.9	4.9	7.1	7.9
BT	446	0.8	4	3.2	5	5.0	1	5.1	6	3.2	4.1	7.7	4.0	6.5
ONEPATH	1,258	0.8	5	3.5	3	3.8	5	5.7	3	3.5	3.9	4.0	7.8	9.5
TAM	782	1.1	1	3.1	6	3.5	6	5.4	4	3.1	3.6	3.7	8.0	8.8
TYN	216	1.0	2	4.0	1	4.1	2	6.1	1	4.0	4.5	3.8	9.2	8.9
Average		0.9		3.5		3.9		5.5		3.5	4.0	4.3	7.6	8.3
Index		0.7		2.8		2.9		5.0		2.8	3.1	2.9	7.7	8.8

3 Year Risk/Return



Global Property

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last 1 yr		3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008		
AMPCI	173	14.2	1	8.3	1	38.6	1	-2.7	1	8.3	22.3	101.1	-60.8	-16.3
ONEPATH	192	10.8	2	7.1	2	33.9	2	-4.6	2	7.1	22.2	83.3	-59.2	-19.1

Other Funds

Manager	Funds (\$m)	Returns (%) gross of tax and fees for												
		1 qtr		the last 1 yr		3 yrs		5 yrs		the year ended 31 March				
		Rk	Rk	Rk	Rk	Rk	Rk	2012	2011	2010	2009	2008		
BT Corporate Bond	194	1.3	6	8.1	2	7.5	4			8.1	7.4	6.9		
MAM Income	130	4.3	3	11.4	1					11.4	11.2			
NZAM	783	2.4	4	-2.6	5	7.1	5	4.1	3	-2.6	6.8	18.0	6.3	-6.4
TYN Bond Option	142	4.6	2	-5.7	6	12.3	2	9.3	1	-5.7	11.1	35.1	0.2	9.9
TYN Income	4	1.5	5	4.8	3	10.9	3			4.8	11.8	16.4	6.7	
TYN Multi-Strategy	49	5.0	1	3.6	4	12.3	1	6.6	2	3.6	15.1	18.8	-14.3	13.4

Aon Hewitt Investment Consulting Service

This quarterly survey is produced by Aon New Zealand.

Other investment consulting services include:

- Establishing investment objectives for both our clients and investment managers;
- Determining long-term investment strategies, in the form of benchmark portfolios and sector ranges, consistent with the investment objectives;
- Determining the efficient frontier and risk/return profiles;
- Assisting in the appointment of investment managers, by:
 - Establishing the selection criteria;
 - Identifying suitable investment managers;
 - Analysing investment managers' capabilities against the criteria; and
 - Carrying out qualitative reviews.
- Reviewing contractual agreements and legal documentation;
- Performance monitoring, against both investment objectives and competitors;
- Communication of investment objectives and strategies to investors; and
- Asset/liability modelling.

Explanatory Notes

1. Returns are before management fees and tax and are generally per annum, except for quarterly returns which are per quarter.
2. Discretionary Assets are those for which the manager considers they have full discretion over stock selection and asset allocation.
3. Australasian Equities
 - AMPCI's returns are those of their actively managed portfolios only.
4. Overseas Sectors
 - The returns are in \$NZ and exclude the effects of currency hedging on Equities and include the effects of currency hedging on Bonds, Global Property and Absolute Return Funds.
5. Overseas Equities
 - AMPCI's returns are those of their actively managed portfolios only.
6. Property
 - The returns in this table are influenced by the allocation to direct investment and holdings in listed vehicles. In the case of direct investment, the valuation approach and timing adopted by the manager will influence the returns.
7. In the compilation of the risk/return plots, risk is measured by the standard deviations of monthly returns over the period. The 3 Year Risk/Return "snail trail" charts show the change in 3 Year Risk/Return from the previous year to the current one.
8. Average return is the asset-weighted average return.
9. Rankings on returns are calculated using more than 1 decimal place. Where managers have the same return rounded to 1 decimal place but different rankings, the rankings reflect the returns to more than 1 decimal place.
10. Index data was provided by AXA Global Investors.

The Aon Hewitt Investment Forecasts

Conducted during April 2012

Investment Sector	Over the current year 1 Apr 2012 - 31 Mar 2012		Over the next five years 1 Apr 2012 - 31 Mar 2017	
	Average	Dispersion	Average	Dispersion
NZ Cash	2.8%	(0.3%)	4.2%	(0.4%)
	2.8%	(0.2%)	4.4%	(0.3%)
NZ Fixed Interest	4.0%	(0.8%)	5.0%	(0.4%)
	3.9%	(0.1%)	5.1%	(0.1%)
NZ Property	7.4%	(2.5%)	8.2%	(2.0%)
	7.1%	(2.0%)	8.3%	(2.3%)
NZ Equities	9.5%	(4.0%)	10.3%	(1.5%)
	11.0%	(1.4%)	11.4%	(0.5%)
International Fixed Interest	3.5%	(1.8%)	5.0%	(0.8%)
	3.5%	(1.7%)	5.1%	(0.7%)
International Equities	7.7%	(2.0%)	9.7%	(1.0%)
	6.7%	(3.0%)	10.0%	(1.6%)
Inflation Rate	2.3%	(0.5%)	2.7%	(0.4%)
	2.4%	(0.6%)	2.7%	(0.3%)

Contributors to the survey were:

BT Asset Management Limited
Devon Funds Management
First NZ Capital

Harbour Asset Management Limited
OnePath (NZ) Limited
Tower

- Notes:
- Participants were asked for their estimate of the annual rate of investment return before tax and expenses for a New Zealand dollar investor. The figures shown are the average of all responses received. Figures in brackets give a measure of the dispersion of responses, and are equal to the second highest response less the second lowest.
 - The figures in italics are the results of our January 2012 survey.
 - These results may be reprinted in whole or in part, but attribution to Aon Hewitt would be appreciated.
 - The information contained in this report is provided for general information purposes only. It is given without knowledge of your individual circumstances and should not be used as a substitute for you seeking your own independent professional advice. No liability will be accepted for loss resulting from reliance on information contained in this report which proves to be inaccurate and/or incomplete.

The Aon Hewitt Economists' Survey

Conducted during April 2012

	In 1 year's time		In 4 years' time		In 7 years' time	
	Average	Dispersion	Average	Dispersion	Average	Dispersion
Inflation rate as measured by CPI	2.2%	(0.3%)	2.5%	(0.3%)	2.4%	(0.3%)
	<i>2.3%</i>	<i>(0.6%)</i>	<i>2.5%</i>	<i>(0.2%)</i>	<i>2.4%</i>	<i>(0.3%)</i>
Rate of increase of Average Weekly Wage	3.0%	(0.7%)	3.3%	(0.5%)	3.2%	(0.4%)
	<i>2.9%</i>	<i>(0.7%)</i>	<i>3.3%</i>	<i>(0.2%)</i>	<i>3.3%</i>	<i>(0.2%)</i>
Real interest rate (i.e., yield on 10 year Govt stock, in excess of inflation)	2.6%	(0.5%)	3.6%	(0.4%)	3.6%	(0.4%)
	<i>2.8%</i>	<i>(0.8%)</i>	<i>3.5%</i>	<i>(0.4%)</i>	<i>3.5%</i>	<i>(0.5%)</i>
Rate of growth of real GDP	2.6%	(0.3%)	2.4%	(0.3%)	2.4%	(0.3%)
	<i>2.7%</i>	<i>(0.6%)</i>	<i>2.4%</i>	<i>(0.3%)</i>	<i>2.5%</i>	<i>(0.5%)</i>
Trade Weighted Exchange Rate (TWI)	71.7	(5.3)	65.4	(8.0)	65.3	(8.0)
	<i>71.6</i>	<i>(3.0)</i>	<i>66.4</i>	<i>(6.0)</i>	<i>65.7</i>	<i>(8.1)</i>

Contributors to the survey were:

ANZ Bank (NZ) Limited
BNZ
Deutsche Bank (NZ) Limited

First NZ Capital
NZIER
UBS NZ Limited

- Notes:
1. The figures shown are the average of all responses received. Figures in brackets give a measure of the dispersion of responses, and are equal to the second highest response less the second lowest.
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